



For Quarter Ended
MO. DAY YR.

DE 938 Quarterly Adjustment Form

Please Follow Instructions on Reverse Side.

Name _____

DBA _____

Address _____

STATUTE OF LIMITATIONS

A claim for refund or credit must be filed within three years of the last timely filing date of the quarter being adjusted.

For Department Use Only
MO. DAY YR.

EFFECTIVE
DATE

I. ADJUSTMENT TO WAGES AND CONTRIBUTIONS

- A. TOTAL WAGES IN SUBJECT EMPLOYMENT
- B. UNEMPLOYMENT INSURANCE (UI) Taxable Wages
- C. STATE DISABILITY INSURANCE (SDI) Taxable Wages
- D. EMPLOYER'S UI CONTRIBUTIONS (UI Rate times B)
- E. EMPLOYMENT TRAINING TAX (ETT Rate times B)
- F. STATE DISABILITY INSURANCE (SDI) Withheld (SDI Rate times C; complete **Box 1** below if credit.)
- G. PERSONAL INCOME TAX (PIT) Withheld (Complete **Box 2** below if credit.)
- H. SUBTOTAL (Lines D, E, F & G).....

[illegible]

- I. Penalty (Refer to instructions on reverse side)
- J. Interest (Refer to instructions on reverse side).....
- K. Less Erroneous SDI Deductions not refunded (See **Box 1 Line 2** below).....
- L. Total.....

BOX 1. STATE DISABILITY INSURANCE OVERPAYMENTS (Must be completed for credit to be allowed.)

1. Was the credit claimed in column 3 withheld from the wages of employee(s)? ----- ☐ Yes ☐ No
If yes, has this amount been refunded to employee(s)? ----- ☐ Yes ☐ No
2. Not refunded; employee(s) no longer employed, unable to locate. (List SSA number, employee name, last known address, and amount of SDI not refunded on a separate page. Show the total on Line K above.)

BOX 2. PERSONAL INCOME TAX OVERPAYMENTS (Must be completed for credit to be allowed.)

If you paid EDD more than the amount of California PIT withheld from wages of employee(s), you can adjust the amount reported by using this form. EDD will allow credit adjustments prior to the issuance of W-2's. **If you have already issued W-2's, please read the additional information on reverse before proceeding.**

1. Was the credit claimed in column 3 withheld from the pay of employee(s)? ----- ☐ Yes ☐ No
If yes, has this credit been refunded to employee(s)? ----- ☐ Yes ☐ No
2. Was the credit claimed in column 3 included on W-2's issued to employee(s)? ----- ☐ Yes ☐ No

II. REASON FOR ADJUSTMENT

III. EMPLOYEE WAGES/PIT WITHHOLDINGS ADJUSTMENT Enter the correct information which should have been reported.

Enter only those employees whose wages, withholdings, or social security account numbers are being corrected. If you are reporting adjustments for more than three (3) employees, list the items on a separate page with the same format or use a DE 6 Quarterly Wage Report.

SOCIAL SECURITY ACCOUNT NUMBER	EMPLOYEE NAME		TOTAL WAGES SHOULD HAVE BEEN REPORTED	TOTAL STATE PIT SHOULD HAVE BEEN REPORTED
	First Initial	Last Name		
Total of this page OR total for all pages attached				

IV. I declare that the above information is true and correct to the best of my knowledge and belief. This section must be completed for credit to be allowed.

SIGNATURE

TITLE (Owner, Accountant, Preparer, etc.)

PHONE

DATE _____

DE 938 Rev. 39 (2-96) **(INTERNET)** State of California / Employment Development Department / P.O. Box 826880 / Sacramento CA 94280-0001

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Instructions For Completion of DE 938, Quarterly Adjustment Form

<p>You need to complete this adjustment form if:</p> <ol style="list-style-type: none"> 1. You are adjusting wages and/or Personal Income Tax (PIT) withholdings by individual. <u>or</u> 2. You are reporting additional wages and/or PIT. <u>or</u> 3. You are filing a claim for refund. <u>or</u> 4. You have reported contributions incorrectly and need to adjust them. 	<p>You do not need to complete this adjustment form if:</p> <ol style="list-style-type: none"> 1. You have made an overpayment and can internally adjust the contribution on a subsequent Report of Contribution (DE 88). For example, an overpayment of Personal Income Tax (PIT) is considered as a prepayment of the PIT for the subsequent DE 88. The amount reported and paid on the subsequent DE 88 should be the actual amount of PIT withheld for the period minus the overpayment in PIT. <u>or</u> 2. You have reported contributions incorrectly and can internally adjust the individual contributions on your subsequent DE 88s. 	<p>You should contact your local Employment Tax Customer Service Office (ETCSO) listed in the white pages under California, State of, Employment Development Department, if:</p> <ol style="list-style-type: none"> 1. You are not sure if you should complete this adjustment form. <u>or</u> 2. You need assistance in completing this Quarterly Adjustment Form. <u>or</u> 3. You are reporting back-pay awards.
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I. ADJUSTMENTS TO WAGES AND CONTRIBUTIONS

Lines A through G:

- Column 1 - Enter the amounts previously reported on your return; report on your most recent adjustment form. Complete for affected fields only.
- Column 2 - Enter the amounts that you should have reported on the above return, report on adjustment form.
- Column 3 - Enter the difference between Column 1 and Column 2.

Line I: Penalty: Penalty of ten percent (10%) of Line (H) is due if you are paying additional taxes with this adjustment form.

Line J: Interest: Interest is computed on the total of Line H and Line I. Since the interest rate changes periodically, please contact your nearest Tax Customer Service Office for assistance.

Line K: Erroneous SDI Deductions Not Refunded: Since SDI deductions are employee contribution, EDD cannot refund these contributions to you unless the erroneous deductions have been first refunded to the employees.

Line L: Total: Add Subtotal (Line H), plus Penalty (Line I) and Interest (Line J). Subtract Erroneous SDI Deductions Not Refunded (Line K). If a balance is due, please pay this amount. If a credit is shown, you can either wait for the refund or you can apply the credit to your account. If you want to apply the credit to your account, please indicate in Section II or on a separate statement the amount and the specific fund(s) to which you want us to apply the credit. In order to reduce costs, credits under \$10 will not be refunded unless requested in writing.

Personal Income Tax Overpayments

After you have issued a Form W-2 to an employee, you cannot adjust the amount reported as income tax withheld when you have over-withheld from an employee's wages. EDD cannot allow a credit or refund of any overpayment of income tax withheld from an employee's wages that are reported on Form W-2. The employee will receive credit for any overwithholding when filing their California Resident Income Tax return (Form 540) with the Franchise Tax Board. You should not refund the overwithholding to the employee, change the California PIT withholding amount shown on the Form W-2, or file a claim for refund with EDD.

You may claim a credit or refund of California PIT overwithheld from an employee's wages when the excess amount is credited or refunded to the employee during the same calendar year and the excess amount is not shown on the Form W-2 issued to the employee. If you paid EDD more than the amounts withheld from an employee's wages, and you want a refund, you can adjust the amount reported on this form. Otherwise, you can consider this overpayment of PIT as a prepayment of the PIT for the subsequent deposit. You do not need to complete this adjustment form. The amount indicated on the subsequent payment should be the actual amounts due in the PIT minus the overpayment in PIT. The payment submitted should always equal the stated amounts on deposit.

Do not show a credit on the DE 88.

If you issued a Form W-2 showing the wrong amount, you must issue a W-2C to the employee and make the necessary changes in Section III on the front of this form or submit the appropriate Quarterly Wage Report (DE 6), with this adjustment form.

II. REASON FOR ADJUSTMENT. This item is used to explain the reason for the adjustment in the above section.

III. EMPLOYEE WAGES / PIT WITHHOLDINGS ADJUSTMENT. Attach additional Quarterly Wage Report (DE 6), if you need additional space. Complete as described in the following examples:

- Incorrect wages and/or PIT withholdings reported. Enter Social Security Account (SSA) number, name, and **correct** amount of wages and PIT withholdings.
- Wrong SSA number originally reported. This correction requires two entries. First enter the incorrect SSA number, name, **zero (0)** wages, and **zero (0)** PIT withholdings; then enter the **correct** SSA number, name, **correct** amount of wages and PIT withholdings.

IV. SIGNATURE. Please include your phone number so we can contact you if we need additional information. Thank you.

FOR DEPARTMENT USE ONLY

Examiner	Date	Reviewer	Date	Originating Unit
Examiner	Date	Approval	Date	MIC/ETDO
CD	BN	SN	PMT	OP